

Message Text

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TO AMEMBASSY BERN PRIORITY

INFO AMEMBASSY VIENNA

AMCONSUL ZURICH

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E.O. 11652:N/A

TAGS:ETRD, SZ

SUBJECT: SWISS DEMARCHE AGAINST INCREASE IN BALL-BEARING
DUTIES

1. ON SEPTEMBER 26, THE SWISS EMBASSY'S COUNSELOR
FOR ECONOMIC AFFAIRS PRESENTED AN ORAL DEMARCHE AGAINST THE
US TARIFF COMMISSION'S JULY 30 PROPOSAL (INVESTIGATION
TEA-I-27, UNDER SECTION 301 (B) (1) OF THE TRADE EXPAN-
SION ACT OF 1962) THAT THE CUSTOMS DUTIES ON IMPORTED
BALL BEARINGS BE INCREASED BY 100 PERCENT (WITH THE EX-
CEPTION OF MINATURE BALL BEARINGS UP TO NINE MILLIMETERS
IN DIAMETER). THE SWISS OPPOSE THIS INCREASE FOR THE
FOLLOWING REASONS:

A. IT WOULD BE VERY UNFAIR TO SWISS MANUFACTURERS

OF BALL BEARINGS BECAUSE THEIR SPECIAL HIGH-
QUALITY PRODUCTS IN NO WAY CAUSE OR THREATEN TO
INDUSTRY;

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B. THE SWISS BALL-BEARING INDUSTRY HAS ALREADY

BEEN AFFECTED ADVERSELY BY AN EARLIER DEPARTMENT
OF DEFENSE DIRECTIVE WHICH EXCLUDED THE USE OF
IMPORTED MINATURE BALL-BEARINGS UP TO FIFTEEN
MILLIMETERS IN DIAMETER FROM US DEFENSE CONTRACTS;

C. THEREFORE, THE PROPOSED TARIFF INCREASE
WOULD ADVERSELY AFFECT SWISS SALES TO THE
CIVILIAN SECTOR, AS WELL, DRIVING THEM OUT
OF THIS LAST US MARKET;

D. ALTHOUGH CURRENT EXPORTS OF HIGH-QUALITY
SWISS BALL BEARINGS TO THE US ARE NOT ESPECIALLY
SIGNIFICANT IN QUANTITY (APPROXIMATELY ONE MILLION
DOLLARS A YEAR), THE LOSS OF THIS MARKET COULD
CAUSE SMALLER PLANTS TO CLOSE AND SWISS WORKERS
TO BE DISPLACED; ADDITIONALLY, THE EMPLOYMENT
OF THE ESCAPE CLAUSE IN THIS FASHION AT THIS
TIME WOULD CREATE A BAD PSYCHOLOGICAL EFFECT
AS IMPORTANT TRADE TALKS ARE SCHEDULED TO
BEGIN IN GENEVA.

2. THE SWISS EMBASSY OFFICER WAS ASSURED THAT
SWITZERLAND'S VIEWS WOULD BE GIVEN APPROPRIATE CONSIDER-
ATION BEFORE ANY FINAL DECISION IS REACHED.

3. THE AUSTRIAN EMBASSY HAS INDICATED THAT IT PLANS
TO MAKE SIMILAR PRESENTATIONS TO VARIOUS OFFICES IN
WASHINGTON. KISSINGER

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